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ANNUAL REPORT

for the fiscal year ending

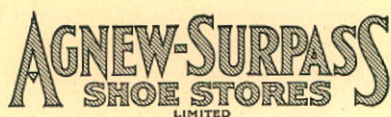
MAY 31st, 1943

AGNEW-SURPASS
SHOE STORES
LIMITED

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FIFTEENTH
Annual Report

for the fiscal year ending

MAY 31st, 1943

to be submitted at the Annual Meeting
of Shareholders to be held at the Head
Office of the Company, Brantford, Ontario,
September 2nd, 1943, at 10.30 a.m.

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BRANTFORD, ONTARIO
CANADA

FIFTEENTH
ANNUAL REPORT OF THE DIRECTORS
of
AGNEW-SURPASS SHOE STORES
LIMITED

BRANTFORD, JULY 8TH, 1943

TO THE SHAREHOLDERS:—

Your Directors submit herewith Consolidated Balance Sheet as of May 31st, 1943, together with Profit and Loss and Surplus Account for the year ended on that date of Agnew-Surpass Shoe Stores, Limited and subsidiary Company, together with 1942 comparative figures for your convenience.

Sales amounted to \$5,765,059.59 (after eliminating sales from factory to Store Company), and operating profits were \$758,732.22. After deducting \$494,760.56 to cover Income and Excess Profits Taxes, \$35,683.33 for depreciation, and \$365.00 for Directors' fees, there remained net earnings for the year of \$227,914.33. The provision for excess profits taxes has been calculated less the refundable portion of \$92,959.11 and after applying an inventory reserve as permitted by the Act. The amount of additional liability, if any, can only be determined as the result of changes in future inventory prices or termination of the Excess Profits Tax Act, 1940.

Dividends were paid on the Preference shares held by the public amounting to \$59,778.25, leaving earnings applicable to the Common stock of \$168,136.08, being \$2.10 per share on 80,000 shares of the No Par Value Common stock, from which your Directors have declared Common dividends totalling 80c. per share together with a bonus of 20c. per share, making \$1.00 per share from the year's operations.

There was expended on fixed assets the sum of \$14,241.52 on Stores equipment and improvements, while the net Working Capital at May 31st last amounted to \$1,435,665.12 and Earned Surplus to \$763,995.81.

Two stores were closed and one new store opened during the year, making a total of 78 Agnew-Surpass Shoe Stores in operation as of May 31st last.

Your subsidiary Company purchased 392 Cumulative Preference shares of the Company in the past year, thereby reducing the number of shares in the hands of the public to 8357 at May 31st last.

Your Company gives employment to 713 employees, and at the end of the year, there were 402 Preference shareholders and 526 Common shareholders.

The following table of Wages and Salaries, taxes, dividends to shareholders and amounts reinvested in the Company for the past five years should be of interest to the shareholders:

	Wages and Salaries	Taxes	Dividends to Shareholders	Reinvested in Company
1943	\$1,073,069.51	*\$623,320.78	\$139,838.25	\$ 84,036.58
1942	1,010,965.37	407,939.59	141,303.00	121,680.71
1941	791,006.25	204,870.98	141,336.75	102,920.18
1940	689,419.55	126,862.56	133,221.90	60,495.82
1939	610,247.59	64,235.81	125,081.80	25,541.43

*Including refundable portion—\$92,959.11

We regret to record the death during the year of Mr. Frank Bauslaugh, Vice-President and General Manager of the Company since incorporation. The Company's welfare and interests were always his first consideration and his counsel and advice will be very much missed by the Directors, Executives and employees of the Company who extend to the family their sincere sympathy in their sad bereavement.

To fill the vacancy caused by Mr. Frank Bauslaugh's death, Mr. John Bauslaugh has been elected Vice-President, and Mr. Roy Karn appointed General Manager of the Company.

Your Directors wish to record their thanks to the department officials, Store managers and employees for their loyal support given to the affairs of the Company during the past year.

On behalf of the Board,

J. ELLIS WARRINGTON,

President.

AGNEW-SURPASS SHOES AND SUBSIDIARIES *Consolidated*

ASSETS

	May 31st, 1943	May 31st, 1942
CURRENT ASSETS:		
Cash on hand and in banks	\$ 371,979.23	\$ 239,245.10
Dominion of Canada Bonds	300,087.50	75,000.00
Dominion of Canada Bonds, held for Employees	16,700.00	
Accounts and Bills Receivable, less Reserve for Bad Debts	259,528.93	361,396.61
Merchandise Inventories, determined by physical stock-taking for subsidiary company and book inventories, periodically verified, for stores and warehouses, and valued at the lower of cost or market, as certified by the management	1,313,824.09	1,483,972.33
Advances to Employees, including Employee Shareholders	1,847.88	3,134.74
Prepaid Expenses and Accrued Revenue	11,570.39	22,566.55
	<u>\$2,275,538.02</u>	<u>\$2,185,315.33</u>
LIFE INSURANCE AND FIRE INSURANCE DEPOSITS . . .	\$ 13,866.94	\$ 14,031.15
SUNDRY LOANS	\$ 9,689.99	\$ 19,035.88
REFUNDABLE PORTION OF EXCESS PROFITS TAXES . . .	\$ 92,959.11	
FIXED ASSETS at depreciated appraisal values per appraisals of Canadian Appraisal Company, Limited, dated May 17th and 18th, 1928, plus subsequent additions at cost (except for Lasts, Dies and Patterns which are shown at nominal value):		
Land	\$ 76,365.00	\$ 76,365.00
Buildings	229,953.05	229,553.05
Plant, Machinery, etc	109,650.14	109,650.14
Furniture and Fixtures	209,664.90	205,611.89
Improvements to Leasehold Properties	52,126.93	49,988.21
Lasts, Dies and Patterns	33,000.00	33,000.00
	<u>\$ 710,760.02</u>	<u>\$ 704,168.29</u>
Less Reserve for Depreciation	385,971.45	357,937.91
	<u>\$ 324,788.57</u>	<u>\$ 346,230.38</u>
PATENTS UNDER LEASE AND PRODUCING REVENUE . .	\$ 15,000.00	\$ 15,000.00
	<u>\$2,731,842.63</u>	<u>\$2,579,612.74</u>

Approved: J. E. WARRINGTON ROY KARN
Directors of Agnew-Surpass Shoe Stores, Limited.

AGNEW-SURPASS SHOE STORES, LIMITED A COMPANY OF THE AGNEW-SURPASS SHOE STORES, LIMITED COMPANY

Balance Sheet

	LIABILITIES	
	May 31st, 1943	May 31st, 1942
CURRENT LIABILITIES:		
Accounts Payable.....	\$ 300,719.83	\$ 232,625.66
Accrued Wages and Expenses.....	78,909.19	60,077.46
Provision for Income, Excess Profits and Other Taxes, less Payments on account.....	445,619.13	424,465.72
Dividend Declared, Payable July 2nd.....	14,624.75	15,310.75
	<u>\$ 839,872.90</u>	<u>\$ 732,479.59</u>
FIRE INSURANCE RESERVE.....	\$ 25,817.78	\$ 25,817.78
CAPITAL AND SURPLUS:		
Capital Stock:		
7% Cumulative Convertible Preferred:		
Authorized, 15,000 shares of \$100.00 each		
Issued, 10,000 shares.....	\$1,000,000.00	\$1,000,000.00
Less shares held by subsidiary company....	164,300.00	125,100.00
	<u>\$ 835,700.00</u>	<u>\$ 874,900.00</u>
Common:		
Authorized, 135,000 shares of no par value:		
Issued, 80,000 shares.....	266,456.14	266,456.14
Earned Surplus.....	763,995.81	679,959.23
	<u>\$1,866,151.95</u>	<u>\$1,821,315.37</u>
CONTINGENT LIABILITY:		
The provision for Excess Profits Tax has been calculated after the application of an inventory reserve as permitted by the Act, which reserve is not recorded in the books nor included in the above statement.		
	<u>\$2,731,842.63</u>	<u>\$2,579,612.74</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the books of Agnew-Surpass Shoe Stores, Limited and its subsidiary company for the year ended May 31st, 1943, our examination of the individual store records consisting of a test of the periodic cash reports.

We have obtained all the information and explanations we have required and report that, in our opinion, the above Consolidated Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of said companies, according to the best of our information and the explanations given us, and as shown by their books.

Toronto, Canada, July 7th, 1943.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
 Chartered Accountants.

AGNEW-SURPASS SHOE STORES, LIMITED

AND SUBSIDIARY COMPANY

Consolidated Profit and Loss and Earned Surplus Account

	Year ended	
	May 31st, 1943	May 31st, 1942
Net Operating Profit for year, after deducting remuneration of executives and legal fees (\$63,502.14 for 1943, \$67,010.40 for 1942) but before the undermentioned charges	\$ 758,723.22	\$ 686,266.52
<i>Deduct:</i>		
Provision for Depreciation	\$ 35,683.33	\$ 38,836.22
Provision for Income and Excess Profits Taxes, less Refundable Portion of Excess Profits Taxes in 1943, \$92,959.11	494,760.56	383,921.59
Directors' Fees (other than Executives)	365.00	525.00
	<u>\$ 530,808.89</u>	<u>\$ 423,282.81</u>
Net Earnings for year	\$ 227,914.33	\$ 262,983.71
Earned Surplus at beginning of year	679,959.23	558,278.52
	<u>\$ 907,873.56</u>	<u>\$ 821,262.23</u>
<i>Deduct:</i>		
Dividends on Preferred Stock (excluding Subsidiary Company's Portion)	\$ 59,778.25	\$ 61,243.00
Dividends on Common Stock	80,000.00	80,000.00
Dividend paid by Subsidiary Company to Minority Shareholders	60.00	60.00
Premium on Preferred Shares purchased by Subsidiary Company during the year	4,039.50	
	<u>\$ 143,877.75</u>	<u>\$ 141,303.00</u>
EARNED SURPLUS, AS PER BALANCE SHEET	<u>\$ 763,995.81</u>	<u>\$ 679,959.23</u>

EXECUTIVE OFFICERS

1

J. ELLIS WARRINGTON

President

JOHN BAUSLAUGH

Vice-President

ROY KARN

General Manager, Brantford

K. R. GILLELAN

Secretary-Treasurer

H. H. GIBAUT

Assistant Secretary-Treasurer

H. M. MILLAR

Assistant Secretary



BOARD OF DIRECTORS

1

M. JOHN SHEEHY

RUSSELL D. BELL

JOHN BAUSLAUGH

J. ELLIS WARRINGTON

K. R. GILLELAN

ROY KARN

AGNEW-SURPASS SHOE STORES

7

ONTARIO

BARRIE	LINDSAY	ST. THOMAS
BELLEVILLE	LISTOWEL	TIMMINS
BRANTFORD	LONDON	TORONTO
166 Colborne	MIDLAND	563 Bayview Ave.
16 Market	NIAGARA FALLS	606 Bloor St. W.
BROCKVILLE	515 Queen St.	952 Bloor St. W.
CHATHAM	1904 Main St. So.	2310 Bloor St. W.
COBOURG	NORTH BAY	505 Danforth
DUNNVILLE	ORILLIA	686 Danforth
GALT	OSHAWA	2040 Danforth
GODERICH	OTTAWA	2948 Dundas St. W.
GUELPH	PETERBOROUGH	992 St. Clair Ave. W.
HAMILTON	PORT COLBORNE	1232 St. Clair Ave. W.
71 King, E.	PORT HOPE	252 Yonge
15 Market Sq.	SARNIA	729 Yonge
272 Ottawa, N.	SAULT STE. MARIE	1425 Yonge
INGERSOLL	SIMCOE	2512 Yonge
KINGSTON	SMITH'S FALLS	WALLACEBURG
KIRKLAND LAKE	STRATFORD	WELLAND
KITCHENER	SUDBURY	WHITBY
LEAMINGTON	ST. CATHARINES	WINDSOR
		359 Ouellette Ave.
		1528 Wyandotte St. E
		WOODSTOCK

QUEBEC

MONTREAL	QUEBEC
897 St. Catherine W.	10 St. John

NEW BRUNSWICK	NOVA SCOTIA
CAMPBELLTON	AMHERST
FREDERICTON	GLACE BAY
MONCTON	HALIFAX
SAINT JOHN	NEW GLASGOW
677 Main	SPRINGHILL
187-189 Union	SYDNEY
ST. STEPHEN	TRURO
	WINDSOR

PRINCE EDWARD ISLAND

CHARLOTTETOWN

Canada's Greatest Chain Shoe Stores



A MILLION MARCHING FEET

Ritchie Shoes are on the march! Almost our entire production has "gone active" to give the boys foot-comfort and lasting support over the many miles of road that lead to Victory. We know our customers will understand . . . and after the war they'll find plenty of their favourite Ritchie Shoes once more at leading shoe stores everywhere.



HOW TO MAKE YOUR PRESENT SHOES LAST LONGER:

1. Put them on trees as soon as you take them off.
2. Have more than one pair and wear them alternate days.
3. Keep them well cleaned and polished to preserve and protect the leather.



Ritchie

CANADA'S SMARTEST SHOES
FOR MEN

The John Ritchie Company Limited

Established 1879

Canada's Largest Makers of Men's Fine Shoes